NEWS 〉 LOCAL NEWS

Community health centers face multiple threats to financial stability

LISTEN • 5:38

SHARE

The East Boston Neighborhood Health Center is at 10 Gove St.
Sarah Betancourt / GBH News

GBH 89.7
Morning Edition

TOP

January 28, 2026 Updated February 02, 2026

Community health centers — which provide vital medical services for the majority of low-income patients in Massachusetts — are facing a range of financial threats due to federal policy changes that will likely force them to scale back operations.

The first modern community health center in the country was **founded 60 years** ago in Dorchester. Since then, some 17,000 sites have opened across the country. In Massachusetts, there are 50 centers that offer general practice medicine and social services to about a million patients a year. According to the Massachusetts League of Community Health Centers, 43% of those patients are covered by Medicaid and another 15% are uninsured.

Traditionally, community health centers have been politically popular and enjoyed bipartisan support, said John McDonough, professor of practice at the T.H. Chan School of Public Health at Harvard University. But that's changed in the second Trump administration.

"We are seeing the greatest assault on community health centers and healthcare for disadvantaged populations that we have ever seen in the modern history of the country, going back to the 1960s when we created Medicare and Medicaid," McDonough said. "They're going to be hit from so many different directions. They are going to have to cut back on their staffs. They may have to close programs. Some of them, I believe, will probably go out of business."

That "assault" includes proposed changes to a pharmaceutical discount program, cuts to insurance subsidies and Medicaid, and other federal changes. Leaders of community health centers say that taken together, all those changes undermine their already precarious finances.

"At this moment, we should be celebrating community health centers. And instead, many policies are being either undermined or put into place that jeopardize their ongoing existence," said Carlene Pavlos, executive director of the Massachusetts Public Health Alliance. "It's a travesty."

Here are several of the key changes the leaders of community health centers say a.

TOP

Proposed changes to drug reimbursement

For more than 30 years, community health centers and hospitals that serve low-income patients have been supported by a federal program called 340B.

It allows the centers to buy prescription drugs from manufacturers at significantly reduced prices, and then charge insurers the full commercial rate. The "profit" goes to support the care that community health centers provide, which is the program's intent.

"The manufacturer gives us a discount because of our mission and federal mandate to provide access in low-access areas, and the difference is used to support services that enhance access for people in areas that have less access to care," said Allison van der Velden, CEO of the Community Health Center of Franklin County.

Last summer, the federal Health Resources and Services Administration, which oversees the 340B program, announced a pilot to shake things up. Beginning this month, the pilot would require organizations like community health centers to pay upfront the full cost for 10 common medications, and get the discount later as a rebate.

In a **written statement** when the pilot was announced last July, Tom Engels, the administrator of the Health Resources Safety Administration, said the goal was to better understand the "merits and shortcomings" of 340B and to respond to concerns from "covered entities and manufacturers".

A federal judge has put the pilot on hold as a lawsuit brought by the American Hospital Association and other groups plays out.

Leaders at community health centers say if that change does go into effect, it would mean spending money that's in short supply that is badly needed elsewhere.

"The cash output in order to buy those medications and put them into our pharmacy locations to be given to patients, we are going to have to put out about a million dollars more in a month," said Dr. Zandra Kelley, president and CEO of the Greate Lawrence Family Health Center. "We are supposed to get that back in rebates.

Van der Velden of the Community Health Center of Franklin County said the new system also adds an administrative burden in having to apply for the rebates.

"So we may do everything right. We know we're a covered entity, we know we're eligible, we know the patients are eligible, but now we have to prove it up front in order to get our money," van der Velden said. "And that's going to take staff, and staff is money, right? So we're going to be spending money on people doing work that's just new, invented work."

Cuts to Affordable Care Act subsidies

Hundreds of thousands of people in Massachusetts saw their health insurance costs spike at the beginning of this month as subsidies from the Affordable Care Act expired, prompting many to drop their health plans altogether. The state health connector **reported** in December that some 10,000 people had already terminated their coverage for 2026, double the number of cancellations they saw at the same time last year.

That could lead to more uninsured patients showing up at community health centers.

"We see everyone who comes to us, regardless of their ability to pay. That is our mission. So if they don't have insurance, we will see them. We will take care of them" said Kelley. "That will mean that we see many more patients with no reimbursement. So it will hit our bottom line."

And those who are now spending more for insurance may cut back on preventative care, van der Velden said, making for a less-healthy patient population.

"That could be things like medications, or it could be things like food or other types of wellness and health programs," she said. "You know, if they've had good success with a gym membership that keeps them healthy and has been preventing heart disease — that might be on the chopping block."

Lawmakers in Washington continue to negotiate extentions to the expired subsidi Here in Massachusetts, Gov. Maura Healey **announced** earlier this month that the

TOP

for another year. Healey said the funding would mean about 270,000 people making below 400% of the federal poverty level would see "little to no premium increases."

Whether the state will continue funding the subsidies after this year is unclear.

Cuts to Medicaid

The Trump administration's One Big Beautiful Bill Act is estimated to cut Medicaid spending by about $1 trillion over the next decade. Leaders at community health centers say those cuts will disproportionately hurt the low-income patients they serve.

"And for us in primary care and community health centers, when people don't have coverage, we see them anyway," said van der Velden.

That will create a gap between the cost of care and what the centers are reimbursed for, she said.

"It's really hard right now to quantify what the impact's going to be this year because we don't yet know exactly how many people will become uninsured and how many of our patients in our specific health center will become uninsured," van der Velden said. "But we are planning for it to be a big impact."

Also, Medicaid patients will now be required to renew their insurance every six months, rather than annually. That can be a complicated process, Kelley said.

"Sometimes patients know to bring those to us and we help them through it. And now it's going to be twice-a-year instead of once-a-year. So it will double the number of patients who need our help," she said.

Previously, if an uninsured patient was seen at a community health center, the center could be retroactively reimbursed for the care if the patient got Medicaid coverage within 90 days.

"In the future, with the changes to Medicaid coming, it will have to be within 30 days," Kelley said. "And the chance of us helping them to apply for insurance and

Not federal changes, but still significant

Community health centers are looking to the state to mandate changes in the reimbursement rates paid by commercial or private health plans. Nearly a third of the centers' patients are covered by private insurance, which is commonly provided by employers or purchased on the exchange.

Currently, when a patient with commercial insurance is seen at a community health center, their plan pays less for that care than what the state's Medicaid program, MassHealth, pays.

According to a **report** by the Massachusetts Health Policy Commission, private plans pay roughly 35% less for care at community health centers than they do for the same care at a traditional doctor's office. That's partly because community health centers don't have much negotiating power with private insurers because they're mandated to see patients regardless of their coverage, van der Velden said.

Legislation introduced by state Rep. Natalie Blais and state Senator Julian Cyr would **require** commercial plans to pay at least the same amount for care as paid by MassHealth.

However, health insurance companies are also under financial stress, and getting more money from them will be a challenge, said John McDonough of the Harvard TH Chan School of Public Health.

"The insurers right now are one of the set of groups that are facing serious financial calamity. The cost of the care that they provide has been going up. The cost of the drugs, the GLP-1 drugs, and so forth, are creating serious financial problems for them," McDonough said. "Every insurer right now in Massachusetts is operating in the red."

In a written statement, Lora Pellegrini, president & CEO of the Massachusetts Association of Health Plans, said the amount Medicaid pays community health centers includes supplemental funding.

"Requiring commercial plans to pay at this level would effectively mandate

Craig LeMoult

Craig LeMoult is a reporter for GBH News. Feedback? Questions? Story ideas? Reach out to Craig at craig.lemoult@gbh.org.

GBH Daily: Covering the Super Bowl

Trump's racist post about Obamas is deleted after backlash despite White House earlier defending it

White Stadium redevelopment now set to cost Boston taxpayers $135 million

MORE LOCAL NEWS

Patriots look to learn from lessons of loss in Super Bowl LX

3,000 miles from Boston, Patriots fans flock to this San Francisco bar

Parents, lawmakers and doctors push for more AEDs with 'Every Minute Counts' Act

UNDER THE RADAR

Legal tug-of-war keeps Mass. man applying for labor trafficking visa in ICE detention

Other Ways to Support

POLICIES

Terms of use

Editorial Guidelines

Privacy Policy

Accessibility Statement

Reports & Filings

EEO Public File (2025)

Assistance with Public Files

All FCC Public Files
WGBH-TV WGBX-TV WFXZ-CD

WGBH-FM WCRB-FM

CONNECT WITH US

Contact GBH

Contact GBH News

Media Inquiries

Newsletters

Visit Us

Follow GBH

Follow GBH News

OUR PARTNERS

YOUR PRIVACY CHOICES

TOP

GBH 89.7
Morning Edition